

**LEMON GROVE SUCCESSOR AGENCY
AGENDA ITEM SUMMARY**

Item No. 2
Mtg. Date December 4, 2018
Dept. Finance

Item Title: **Recognized Obligation Payment Schedule (July 1, 2019 – June 30, 2020)**

Staff Contact: Molly Brennan, Finance Manager

Recommendation:

Approve the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2019 through June 30, 2020.

Item Summary:

The purpose of this agenda item is to present the ROPS 2019-20 (A & B) for approval by the Successor Agency Board.

Fiscal Impact:

None.

Environmental Review:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Not subject to review
<input type="checkbox"/> Categorical Exemption, Section [] | <input type="checkbox"/> Negative Declaration
<input type="checkbox"/> Mitigated Negative Declaration |
|---|--|

Public Information:

- | | | |
|--|---|---|
| <input checked="" type="checkbox"/> None | <input type="checkbox"/> Newsletter article | <input type="checkbox"/> Notice to property owners within 300 ft. |
| <input type="checkbox"/> Notice published in local newspaper | <input type="checkbox"/> Neighborhood meeting | |

Attachments:

- A. Staff Report
- B. Resolution
- C. Recognized Obligation Payment Schedule (July 1, 2019 – June 30, 2020)

Attachment A

LEMON GROVE [SUCCESSOR AGENCY] STAFF REPORT

Item No. 2

Mtg. Date December 4, 2018

Item Title: **Recognized Obligation Payment Schedule (July 1, 2019 – June 30, 2020)**

Staff Contact: Molly Brennan, Finance Manager

Discussion:

The State requires Successor Agencies to submit an approved Recognized Obligation Payment Schedule for the period of July 1, 2019 to June 30, 2020 (ROPS 2019-20) to the California Department of Finance by February 1, 2019. Prior to submission to the State, both the Successor Agency Board and Successor Agency Oversight Board must review and approve the ROPS 2019-20.

As of July 1, 2018, changes in State law (SB 107) took effect that disbanded local oversight boards and implemented a single county-wide oversight board. As of July 1, 2018, the Lemon Grove Successor Agency now reports to the County of San Diego Countywide Redevelopment Successor Agency Oversight Board.

After local Successor Agency Board approval, the County of San Diego Countywide Redevelopment Successor Agency Oversight Board will review and approve the ROPS 2019-20 at their January 17, 2019 meeting. Once approved, County staff will submit the document to the State of California Department of Finance and the State Controller's Office for final review and approval by the February 1st deadline.

The purpose of this agenda item is to review the ROPS submission procedure and to present the ROPS 2019-20 for the Lemon Grove Successor Agency Board consideration and approval.

The ROPS 2019-20 document includes the following:

- A summary detailing the amount requested;
- ROPS detail for the period July 1-June 30, 2020;
- Cash balances information; and
- A notes page.

Overall, the ROPS identifies a total of \$2,265,251 in expenditures between July 1, 2019 and June 30, 2020.

The following subsections provide information about the expenditures identified in the ROPS 2019-20.

Bond Debt Service (line 2, 3 & 27)

- During the ROPS 2019-20 period, debt service payments are due for the 2007, 2010, and 2014 Tax Allocation Bonds. The payment of \$1,747,475 will be made from the RPTTF.

Attachment A

Miscellaneous

In addition, the following items are identified in the ROPS 2018-19:

- (Line 14) Administrative Allowance (\$100,000) – this reflects staff time and other administrative costs in administering the Successor Agency and is paid from RPTTF monies on a hierarchy basis.
- (Line 16) City Loan (\$3,554,461) – this is an accumulation of cash flow loans made to the Redevelopment Agency since its inception. The City and State were in disagreement over the repayment of a portion of the loan in 2012. The City eventually paid back the State in December 2015. This allowed the City to submit the loans for repayment in the ROPS process. The Department of Finance has not given a clear sign that the repayment of the loan will be accepted at this time.
- (Line 34) Reserve Requirement per Bond Pledge (\$17,776) – this is the amount that US Bank required the Successor Agency to transfer to the bond reserve fund in fiscal year 2018 in order to bring the reserve fund up to the amount specified in the bond covenants. Since it was not a foreseen expenses, the Successor Agency is asking for reimbursement of the expense during the FY 19-20 ROPS process.

Fiscal Analysis

In total, there are \$26 million in outstanding Agency obligations. All of which will be funded with RPTTF. This includes bond debt service (\$22.4 million), City loans to the former Agency (\$3.6 million), and ongoing administrative costs (\$100,000).

Conclusion:

Staff recommends that the Successor Agency Board approve and forward the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2019 through June 30, 2020 to the County Oversight Board.

Attachment B

RESOLUTION NO. 2018____

A RESOLUTION OF THE LEMON GROVE SUCCESSOR AGENCY BOARD ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JULY 1, 2019 THROUGH JUNE 30, 2020, PURSUANT TO CALIFORNIA HEALTH & SAFETY CODE SECTION 34179, DIVISION 24, PART 1.85, AND AUTHORIZING POSTING AND TRANSMITTAL THEREOF

WHEREAS, the Lemon Grove Community Development Agency ("Agency") was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health & Safety Code Section 33000, et seq., ("CRL"), and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to actions of the City Council of the City of Lemon Grove; and

WHEREAS, Assembly Bill X1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which laws caused the dissolution and wind down of all redevelopment agencies ("Dissolution Act"); and

WHEREAS, on December 29, 2011, in the petition California Redevelopment Association v. Matosantso, Case No. S194861, the California Supreme Court upheld the Dissolution Act and thereby all redevelopment agencies in California were dissolved as of and on February 1, 2012, under the dates in the Dissolution Act that were reformed and extended thereby; and

WHEREAS, the Agency is now a dissolved redevelopment agency pursuant to the Dissolution Act; and

WHEREAS, by Resolution 3071 considered by the City Council at an open public meeting the City chose to become and serve as the "Successor Agency" to the dissolved Agency under the Dissolution Act; and

WHEREAS, as of and on January 2012, the City serves and acts as the Successor Agency and is performing its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the Agency and otherwise unwind the Agency's affairs, all subject to the review and approval by an oversight board ("Oversight Board"); and

WHEREAS, as of July 1, 2018 the County of San Diego Countywide Redevelopment Successor Agency Oversight Board serves as the Oversight Board for the Lemon Grove Successor Agency; and

WHEREAS, the Recognized Obligation Payment Schedule (ROPS) for the period July 1, 2019 through June 30, 2020 must be submitted to the County of San Diego Oversight Board by January 17, 2018 and to the State of California by February 1, 2018; and

WHEREAS, the ROPS for the period July 1, 2019 through June 30, 2020 have been prepared and reviewed by the Successor Agency staff; and

WHEREAS, the City of Lemon Grove has had to loan the Successor Agency cash in order for it to fulfill its fiscal obligations.

NOW, THEREFORE, BE IT RESOLVED that the Lemon Grove Successor Agency Board does hereby find and determine as follows:

Attachment B

Section 1. The Successor Agency approves the ROPS for the period of July 1, 2019 through June 30, 2020.

Section 2. The Successor Agency authorizes the Successor Agency staff to transmit the ROPS to the San Diego County Oversight Board, the California Department of Finance, and the California State Controller's Office.

Section 3. The Secretary of the Successor Agency is directed to post the ROPS on the City/Successor Agency website pursuant to the Dissolution Act.

PASSED AND ADOPTED: On December 4, 2018 the Successor Agency Board of the City of Lemon Grove, California adopted and passed by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN: .

Raquel Vasquez, Mayor

Attest:

Shelley Chapel, MMC, City Clerk

Approved as to form:

City Attorney

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency:
County:

Lemon Grove
San Diego

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A	Enforceable Obligations Funded as Follows (B+C+D):			
B	Bond Proceeds	\$ -	\$ -	\$ -
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
E	Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	1,531,693	733,558	2,265,251
F	RPTTF	1,481,693	683,558	2,165,251
G	Administrative RPTTF	50,000	50,000	100,000
H	Current Period Enforceable Obligations (A+E):	1,531,693	733,558	2,265,251

Certification of Oversight Board Chairman:
Pursuant to Section 34177 (c) of the Health and Safety code, I
hereby certify that the above is a true and accurate Recognized
Obligation Payment Schedule for the above named successor
agency.

/s/ Name Title
Signature Date

Attachment C

Lemon Grove Recognized Obligation Payment Schedule (ROPS)											
July 1, 2019 through June 30, 2020											
(Report Amounts in Whole Dollars)											
A	B	C	D	E	F	G	H	I	J	K	L
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Refined	ROPS 19-20 Total	Bond Proceeds
2	2007 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	5/22/2007	2/1/2038	US Bank	Debt service payment	1	\$ 26,027,237	N	\$ 2,285,281	\$ 0
3	2010 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	9/15/2010	2/1/2029	US Bank	Debt service payment	1	11,930,000	N	\$ 759,064	
14	Administrative	Admin Costs	1/1/2014	6/30/2038	City of Lemon Grove	Staff and administrative overhead	1	5,105,000	N	\$ 658,430	
15	City Loan (from 6/1/2 underpayment)	City/County Loans After 8/27/11	6/1/2012	8/1/2034	City of Lemon Grove	City Loan (from 6/1/12 underpayment)	1	100,000	N	\$ 100,000	
16	City Loan (from inception)	City/County Loans After 8/27/11	7/1/2011	8/1/2034	City of Lemon Grove	City Loan	1	3,554,461	N	\$ 400,000	
17	City loan-cash flow	City/County Loans After 8/27/11	2/25/2013	8/1/2034	City of Lemon Grove	Cash flow short-term loan	1		N	\$ -	
18	City Side Fund liability (SA portion) due to PERS	City/County Loans After 8/27/11	6/30/2012	8/1/2034	City of Lemon Grove	Side Fund Liability Former Agency employees	1		N	\$ -	
27	Refinance 2004 Bond	Refunding Bonds Issued After 6/27/12	6/1/2014	8/1/2034	US Bank	2014 Bond (refinanced the 2004 bond)	1	5,330,000	N	\$ 329,961	
31	PERS UAL (SA Portion) due to PERS	City/County Loans After 8/27/11	6/30/2011	7/1/2045	City of Lemon Grove	Unfunded Actuarial Liability-Former Agency employees			N	\$ -	
32	City loan-cash flow	City/County Loans After 8/27/11	2/25/2015	12/31/2020	City of Lemon Grove	Overpayment to the County			N	\$ -	
34	Reserve Requirement per Bond Pledge	Bonds Issued On or Before 12/31/10	6/1/2014	8/1/2034	US Bank	Reserve required by Bond Indenture on 2014 bond		17,776	N	\$ 17,776	
35									N	\$ -	
36									N	\$ -	
37									N	\$ -	
38									N	\$ -	
39									N	\$ -	
40									N	\$ -	
41									N	\$ -	
42									N	\$ -	
43									N	\$ -	
44									N	\$ -	
45									N	\$ -	
46									N	\$ -	
47									N	\$ -	
48									N	\$ -	
49									N	\$ -	
50									N	\$ -	
51									N	\$ -	
52									N	\$ -	
53									N	\$ -	

19-20) - ROPS Detail

[illegible]

Attachment C

Lemon Grove Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances July 1, 2016 through June 30, 2017 (Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see Cash Balance Tips Sheet.									
A	B	C	D	E	F	G	H		
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	Fund Sources					Non-Admin and Admin	Comments	
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF			
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.				
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount			108,780	11,549	(1,345,307)		RRTTF Beginning Cash balance includes \$466,705 of prepayments for approved items on the ROPS 16-17	
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller					2,545,247			
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)			2,587	11,549	2,545,246		\$466,705 of \$2,545,246 of RPTTF funded 16-17 Enforceable Obligations were prepaid prior to 7/1/16	
4	Retention of Available Cash Balance (Actual 06/30/17) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)			106,193		0		\$106,193 to be used in ROPS 18-19 as specified in 5/17/18 DoF correspondence based on ROPS 15-16 Cash Review	
5	ROPS 16-17 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required					1		
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$	0 \$	0 \$	0 \$	0 \$	(1,345,307)	Ending Cash Balance actually -\$878,602 due to \$466,705 of prepayments made in prior FY	

Attachment C

[illegible]